

Auditing Procedures Report

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended .

| | | | | | | | |
|---------------------------|--------------------|-------------------------------|--------------|---------------------------|----------|----------|----------|
| Unit Name | Belvidere Township | County | MONTCALM | Type | TOWNSHIP | MuniCode | 59-1-010 |
| Opinion Date-Use Calendar | Jun 17, 2008 | Audit Submitted -Use Calendar | Jun 26, 2008 | Fiscal Year-Use Drop List | 2008 | | |

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

| | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements? |
| <input checked="" type="checkbox"/> | 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets? |
| <input type="checkbox"/> | 3. Were the local unit's actual expenditures within the amounts authorized in the budget? |
| <input checked="" type="checkbox"/> | 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury? |
| <input checked="" type="checkbox"/> | 5. Did the local unit adopt a budget for all required funds? |
| <input checked="" type="checkbox"/> | 6. Was a public hearing on the budget held in accordance with State statute? |
| <input checked="" type="checkbox"/> | 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division? |
| <input checked="" type="checkbox"/> | 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act? |
| <input checked="" type="checkbox"/> | 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy? |
| <input checked="" type="checkbox"/> | 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.) |
| <input checked="" type="checkbox"/> | 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.) |
| <input checked="" type="checkbox"/> | 12. Is the local unit free of repeated reported deficiencies from previous years? |
| <input checked="" type="checkbox"/> | 13. Is the audit opinion unqualified? |
| | 14. If not, what type of opinion is it? <input type="text" value="NA"/> |
| <input checked="" type="checkbox"/> | 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)? |
| <input checked="" type="checkbox"/> | 16. Has the board or council approved all disbursements prior to payment as required by charter or statute? |
| <input checked="" type="checkbox"/> | 17. To your knowledge, were the bank reconciliations that were reviewed performed timely? |
| <input type="checkbox"/> | 18. Are there reported deficiencies? |
| <input type="checkbox"/> | 19. If so, was it attached to the audit report? |

| | |
|----------------------------|---------------|
| General Fund Revenue: | \$ 358,347.00 |
| General Fund Expenditure: | \$ 275,566.00 |
| Major Fund Deficit Amount: | \$ 0.00 |

| | |
|--|---------------|
| General Fund Balance: | \$ 892,223.00 |
| Governmental Activities Long-Term Debt (see instructions): | \$ 0.00 |

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

| | | | | | | | | | |
|--------------------|-----------------|-----------------------|------------|--------------------------|-----------|----------|-------|-----------|-------------------|
| CPA (First Name) | Thomas | Last Name | Coulter | Ten Digit License Number | | | | 1612544 | |
| CPA Street Address | 7810 N Alger Rd | City | Alma | State | MI | Zip Code | 48801 | Telephone | +1 (989) 463-6108 |
| CPA Firm Name | Yeo & Yeo PC | Unit's Street Address | PO Box 144 | City | Six Lakes | LU Zip | 48886 | | |

Belvidere Township
Montcalm County, Michigan
Annual Financial Statements
and
Auditors' Report
March 31, 2008

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Belvidere Township
List of Elected and Appointed Officials
March 31, 2008

Township Officials

Larry Delamater – Supervisor

Sheila Smith – Clerk

Diana Eckert – Treasurer

Darlene Beardslee – Trustee

Gerald Derenski - Trustee



7810 N. Alger Rd.
Alma, MI 48801
Phone (989) 463-6108
Fax (989) 463-8560

Independent Auditors' Report

To the Township Board
Belvidere Township
Montcalm County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Belvidere Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Belvidere Township as of March 31, 2008 and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The managements' discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Yeo & Yeo, P.C.

June 17, 2008
Alma, Michigan

Belvidere Township
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Our discussion and analysis of Belvidere Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2008.

Total net assets related to the Township's governmental activities are \$1,653,138. The amount that is unrestricted is \$1,352,046.

In light of continuing State Budget Problems, and constant threats to take away all revenue sharing, the Township has reacted by invoking tighter controls over all expenditures.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Belvidere Township as a whole and present a longer-term of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing governmental services.

The fund financial statements present a short term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Belvidere Township
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Belvidere Township as a Whole

The following table shows, in a condensed format, the net assets as of March 31, 2008 and 2007.

Table 1

| | <u>2008</u> | <u>2007</u> |
|---------------------|---------------------|---------------------|
| Current assets | \$ 1,356,606 | \$ 1,233,962 |
| Capital assets, net | <u>301,092</u> | <u>330,026</u> |
| Total assets | 1,657,698 | 1,563,988 |
| Current liabilities | <u>4,560</u> | <u>4,936</u> |
| Total net assets | <u>\$ 1,653,138</u> | <u>\$ 1,559,052</u> |

Belvidere Township's net assets of governmental activities are \$1,653,138, of which \$1,352,046 is classified as unrestricted and the remaining \$301,092 is invested in capital assets.

Belvidere Township
Management's Discussion and Analysis
For the Year Ended March 31, 2008

The following table shows, in a condensed format, the statement of activities as of March 31, 2008 and 2007.

Table 2

| | Governmental 2008 | Activities 2007 |
|---|----------------------|--------------------|
| Revenue | | |
| Program revenue | | |
| Charges for services | \$ 16,177 | \$ 13,291 |
| General revenue: | | |
| Property taxes | 329,568 | 316,973 |
| State-shared revenue | 181,562 | 181,416 |
| Unrestricted investment earnings | 47,985 | 46,963 |
| Miscellaneous | 32,068 | 24,790 |
| Total revenue | <u>607,360</u> | <u>583,433</u> |
| Program expenses | | |
| General government | 158,336 | 156,096 |
| Public safety | 66,614 | 50,530 |
| Public works | 168,023 | 154,158 |
| Highways, streets, bridges, and sidewalks | 74,764 | 93,205 |
| Community and economic development | 23,800 | 20,630 |
| Recreation and culture | 21,737 | 15,577 |
| Total program expenses | <u>513,274</u> | <u>490,196</u> |
| Change in net assets | <u>\$ 94,086</u> | <u>\$ 93,237</u> |

Belvidere Township
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Governmental Activities

Belvidere Township's total governmental activity revenues were \$607,360 and \$583,433 for the years ended March 31, 2008 and 2007, respectively. Charges for services increased in the current year due to an increase in grave openings and cemetery lot sales. Unrestricted investment earnings also increased in the current year due to an increase in the balance in bank deposit accounts.

Governmental activity expenditures of \$513,274 and \$490,196 were recorded for the years ended March 31, 2008 and 2007 respectively. This included increases in depreciation expense for public safety of \$14,738, and an increase in the refuse contract for public works of \$11,371. To offset this, the Township reduced spending for roads, and closely monitored other spending.

Belvidere Township's Funds

The fund financial statements provide detailed information about the most significant funds, not Belvidere Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as show accountability for certain activities.

a) **General Fund**

Functions relating to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State revenues from fees charged for various municipal activities and services are recorded in the General Fund. This fund had an increase in fund balance of \$79,829 in the current year.

b) **Special Revenue**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

c) **Fiduciary Fund**

The Fiduciary Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Belvidere Township
Management's Discussion and Analysis
For the Year Ended March 31, 2008

General Fund Budgetary Highlights

Over the course of the year, the Township Board monitors and amends the budget to account for unanticipated events during the year. The most significant changes was an increase in refuse collection and disposal expense. Prudent budgeting and continued monitoring of all expenditures reduced the effect of these increased expenditures.

Capital Assets

At March 31, 2008, Belvidere Township has \$644,719 invested in a wide range of capital assets, including land, buildings, and machinery and equipment. The total amount of accumulated depreciation as of March 31, 2008 was \$343,627. The net capital asset balance at the end of the fiscal year is \$301,092.

Economic Factors and Next Year's Budgets and Rates

The Township needs to continue to monitor its budget very closely. State revenue-sharing payments have the potential to decrease again due to State cutbacks and less sales tax receipts at the State level. These factors, coupled with recent decreases from historical norms in other revenues, including charges for services, continue to have a concern on the Township's ability to balance its budget.

Despite these concerns, the Township will continue to operate as efficiently as possible in the next fiscal year.

Contacting Belvidere Townships Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of Belvidere Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the administration offices at the Township hall.

Belvidere Township
Statement of Net Assets
March 31, 2008

| | <u>Primary Government</u> <u>Governmental</u> <u>Activities</u> |
|---|---|
| Assets | |
| Cash and cash equivalents | \$ 1,269,834 |
| Receivables | |
| Taxes | 12,042 |
| Accrued interest and other | 3,845 |
| Due from other units of government | 69,669 |
| Prepaid items | 1,216 |
| Nondepreciable capital assets | 47,300 |
| Depreciable capital assets, net | <u>253,792</u> |
| Total assets | <u>1,657,698</u> |
| Liabilities | |
| Accrued and other liabilities | <u>4,560</u> |
| Net Assets | |
| Invested in capital assets, net of related debt | 301,092 |
| Restricted for: | |
| Unrestricted | <u>1,352,046</u> |
| Total net assets | <u>\$ 1,653,138</u> |

See Accompanying Notes to Financial Statements

Belvidere Township
Statement of Activities
For the Year Ended March 31, 2008

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|---|-------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Primary Government Governmental Activities |
| Primary government | | | | |
| Governmental activities | | | | |
| General government | \$ 158,336 | \$ 9,777 | \$ - | \$ (148,559) |
| Public safety | 66,614 | 6,400 | - | (60,214) |
| Public works | 168,023 | - | - | (168,023) |
| Highways, streets, bridges, and sidewalks | 74,764 | - | - | (74,764) |
| Community and economic development | 23,800 | - | - | (23,800) |
| Recreation and culture | 21,737 | - | - | (21,737) |
| Total primary government | <u>\$ 513,274</u> | <u>\$ 16,177</u> | <u>\$ -</u> | <u>(497,097)</u> |
| General revenues | | | | |
| Property taxes | | | | 329,568 |
| State shared revenue | | | | 181,562 |
| Unrestricted investment earnings | | | | 47,985 |
| Miscellaneous | | | | 32,068 |
| Total general revenues | | | | <u>591,183</u> |
| Change in net assets | | | | 94,086 |
| Net assets - beginning of year | | | | <u>1,559,052</u> |
| Net assets - end of year | | | | <u>\$ 1,653,138</u> |

See Accompanying Notes to Financial Statements

Belvidere Township
Governmental Funds
Balance Sheet
March 31, 2008

| | | <u>Special Revenue Funds</u> | | |
|------------------------------------|-----------------------|------------------------------|------------------------|---|
| | <u>General</u> | <u>Road Fund</u> | <u>Refuse Fund</u> | <u>Total Governmental Funds</u> |
| Assets | | | | |
| Cash and cash equivalents | \$ 865,951 | \$ 97,178 | \$ 306,705 | \$ 1,269,834 |
| Receivables | | | | |
| Taxes | 12,042 | - | - | 12,042 |
| Accrued interest and other | - | - | 3,845 | 3,845 |
| Due from other units of government | 48,834 | 7,670 | 13,165 | 69,669 |
| Due from other funds | 6,908 | 5,903 | 11,421 | 24,232 |
| Prepaid items | <u>1,216</u> | <u>-</u> | <u>-</u> | <u>1,216</u> |
| Total assets | <u>\$ 934,951</u> | <u>\$ 110,751</u> | <u>\$ 335,136</u> | <u>\$ 1,380,838</u> |

See Accompanying Notes to Financial Statements

Belvidere Township
Governmental Funds
Balance Sheet
March 31, 2008

| | | <u>Special Revenue Funds</u> | | |
|-------------------------------------|-------------------|------------------------------|--------------------|---------------------------------|
| | <u>General</u> | <u>Road Fund</u> | <u>Refuse Fund</u> | <u>Total Governmental Funds</u> |
| Liabilities | | | | |
| Accrued and other liabilities | \$ 4,560 | \$ - | \$ - | \$ 4,560 |
| Due to other funds | 17,324 | 4,180 | 2,728 | 24,232 |
| Deferred revenue | <u>20,844</u> | <u>7,670</u> | <u>17,010</u> | <u>45,524</u> |
| Total liabilities | <u>42,728</u> | <u>11,850</u> | <u>19,738</u> | <u>74,316</u> |
| Fund Balances | | | | |
| Reserved for: | | | | |
| Prepays | 1,216 | - | - | 1,216 |
| Unreserved, reported in: | | | | |
| General fund | 891,007 | - | - | 891,007 |
| Special revenue funds | <u>-</u> | <u>98,901</u> | <u>315,398</u> | <u>414,299</u> |
| Total fund balances | <u>892,223</u> | <u>98,901</u> | <u>315,398</u> | <u>1,306,522</u> |
| Total liabilities and fund balances | <u>\$ 934,951</u> | <u>\$ 110,751</u> | <u>\$ 335,136</u> | <u>\$ 1,380,838</u> |

See Accompanying Notes to Financial Statements

Belvidere Township
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Assets of Governmental Activities
March 31, 2008

| | |
|---|--------------|
| Total fund balances for governmental funds | \$ 1,306,522 |
|---|--------------|

Total net assets for governmental activities in the statement of net assets is different because:

| | |
|---|---------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 301,092 |
|---|---------|

| | |
|--|---------------|
| Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds. | <u>45,524</u> |
|--|---------------|

| | |
|--|---------------------|
| Net assets of governmental activities | <u>\$ 1,653,138</u> |
|--|---------------------|

See Accompanying Notes to Financial Statements

Belvidere Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2008

| | | <u>Special Revenue Funds</u> | | |
|-----------------------|----------------|------------------------------|------------------------|---|
| | <u>General</u> | <u>Road Fund</u> | <u>Refuse Fund</u> | <u>Total Governmental Funds</u> |
| Revenues | | | | |
| Taxes | \$ 102,774 | \$ 83,492 | \$ 142,393 | \$ 328,659 |
| Licenses and permits | 2,990 | - | - | 2,990 |
| State revenue sharing | 181,562 | - | - | 181,562 |
| Charges for services | 16,177 | - | - | 16,177 |
| Interest income | 37,556 | 2,153 | 8,276 | 47,985 |
| Rental income | 13,731 | - | - | 13,731 |
| Other revenue | 3,557 | - | - | 3,557 |
| | <u>358,347</u> | <u>85,645</u> | <u>150,669</u> | <u>594,661</u> |
| Total revenues | | | | |

See Accompanying Notes to Financial Statements

Belvidere Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2008

| | | <u>Special Revenue Funds</u> | | |
|---|-------------------|------------------------------|--------------------|---------------------------------|
| | <u>General</u> | <u>Road Fund</u> | <u>Refuse Fund</u> | <u>Total Governmental Funds</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 154,949 | - | - | 154,949 |
| Public safety | 30,860 | - | - | 30,860 |
| Public works | 34,013 | - | 134,010 | 168,023 |
| Highways, street, bridges and sidewalks | - | 74,764 | - | 74,764 |
| Community and economic development | 23,800 | - | - | 23,800 |
| Recreation and culture | 20,784 | - | - | 20,784 |
| Capital outlay | 11,160 | - | - | 11,160 |
| | <u>275,566</u> | <u>74,764</u> | <u>134,010</u> | <u>484,340</u> |
| Total expenditures | | | | |
| | <u>82,781</u> | <u>10,881</u> | <u>16,659</u> | <u>110,321</u> |
| Excess of revenues over expenditures | | | | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 2,952 | 2,952 |
| Transfers out | (2,952) | - | - | (2,952) |
| | <u>(2,952)</u> | <u>-</u> | <u>2,952</u> | <u>-</u> |
| Total other financing sources and uses | | | | |
| | <u>79,829</u> | <u>10,881</u> | <u>19,611</u> | <u>110,321</u> |
| Net change in fund balance | | | | |
| Fund balance - beginning of year | 812,394 | 88,020 | 295,787 | 1,196,201 |
| Fund balance - end of year | <u>\$ 892,223</u> | <u>\$ 98,901</u> | <u>\$ 315,398</u> | <u>\$ 1,306,522</u> |

See Accompanying Notes to Financial Statements

Belvidere Township
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2008

| | |
|---|-----------------------------|
| Net change in fund balances - Total governmental funds | \$ 110,321 |
| Total change in net assets reported for governmental activities in the statement of activities is different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Depreciation expense | (36,535) |
| Capital outlay | 7,601 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | |
| Property taxes | 909 |
| Other revenue | <u>11,790</u> |
| Change in net assets of governmental activities | \$ <u>94,086</u> |

See Accompanying Notes to Financial Statements

Belvidere Township
Fiduciary Funds
Statement of Net Assets
March 31, 2008

Assets

| | |
|------------------------------------|-----------|
| Cash and cash equivalents | \$ 62 |
| Due from other units of government | <u>13</u> |

| | |
|--------------|--------------|
| Total assets | <u>\$ 75</u> |
|--------------|--------------|

Liabilities

| | |
|----------------------------------|--------------|
| Due to other units of government | <u>\$ 75</u> |
|----------------------------------|--------------|

See Accompanying Notes to Financial Statements

Belvidere Township
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Belvidere Township is governed by an elected five-member Board. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Belvidere Township
Notes to Financial Statements
March 31, 2008

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund accounts for the revenue and expenditures with the government's road operations.

The Refuse Collection Fund accounts for the revenue and expenditures with the government's refuse collection operation.

Additionally, the government reports the following:

Current Tax Collection Fund accounts for property tax and other deposits collected on behalf of other units and individuals.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net assets or equity

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2007 taxable valuation of the government totaled \$88,075,640 on which ad valorem taxes consisted of 0.8166 mills for operating purposes, 0.9518 mills for road purposes, and 1.6335 for refuse purposes. This resulted in \$71,724 for operating expenses, \$83,601 for road expenses, and \$143,485 for refuse expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than

Belvidere Township
Notes to Financial Statements
March 31, 2008

\$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

| | |
|-------------------------|----------------|
| Buildings | 40 to 60 years |
| Building improvements | 15 to 30 years |
| Machinery and equipment | 5 to 10 years |

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

Comparative data

Comparative data is not included in the Municipality's financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information

The Municipality is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles

generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to March 1, the Township Supervisor submits to the Township a proposed operating budget for the fiscal year commencing the following April 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to April 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Township.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

Excess of expenditures over appropriations

Michigan Public Act 621 of 1978, Section 18(1), as amended provides that a local government unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2008, the Township incurred expenditures in the General Fund and Refuse Fund in excess of the amount appropriated as follows:

| <u>Fund</u> | <u>Total</u> <u>Appropriation</u> | <u>Amount</u> <u>Expended</u> | <u>Unfavorable</u> <u>Variance</u> |
|------------------------------------|--------------------------------------|----------------------------------|---------------------------------------|
| General Fund | | | |
| Community and economic development | \$ 23,000 | \$ 23,800 | \$ 800 |
| Transfer out | - | 2,952 | 2,952 |
| Refuse Fund | | | |
| Contracted services | 132,000 | 134,010 | 2,010 |

Belvidere Township
Notes to Financial Statements
March 31, 2008

NOTE 3 - DEPOSITS

At year end the government's deposits were reported in the basic financial statements in the following categories:

| | Cash and Cash Equivalents |
|-------------------------|------------------------------|
| Governmental activities | \$ 1,269,834 |
| Fiduciary funds | <u>62</u> |
| Total | <u>\$ 1,269,896</u> |

Interest rate risk – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates

Credit risk – State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Township has no investment policy that would further limit its investment choices. As of March 31, 2008, the Township has no investments.

Concentration of credit risk – The government has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year end, \$1,034,422 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

| | |
|---------------------------|------------------|
| | Unavailable |
| Primary government | |
| Property taxes | \$ 29,637 |
| Other revenue | <u>15,887</u> |
| | <u>\$ 45,524</u> |

Belvidere Township
Notes to Financial Statements
March 31, 2008

NOTE 5 - CAPITAL ASSETS

Capital assets activity of the primary government for the current year was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-------------|-----------|-------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 47,300 | \$ - | \$ - | \$ 47,300 |
| Capital assets being depreciated | | | | |
| Buildings, additions and improvements | 96,691 | 4,951 | - | 101,642 |
| Machinery and equipment | 494,327 | 2,650 | 1,200 | 495,777 |
| Total capital assets being depreciated | 591,018 | 7,601 | 1,200 | 597,419 |
| Less accumulated depreciation for | | | | |
| Buildings, additions and improvements | 62,336 | 1,178 | - | 63,514 |
| Machinery and equipment | 245,956 | 35,357 | 1,200 | 280,113 |
| Total accumulated depreciation | 308,292 | 36,535 | 1,200 | 343,627 |
| Net capital assets being depreciated | 282,726 | (28,934) | - | 253,792 |
| Governmental activities capital assets, net | \$ 330,026 | \$ (28,934) | \$ - | \$ 301,092 |

Depreciation expense was charged to programs of the primary government as follows:

| | |
|--------------------------------|------------------|
| Governmental activities | |
| General government | \$ 3,288 |
| Public safety | 32,582 |
| Recreation and culture | 665 |
| Total governmental activities | <u>\$ 36,535</u> |

NOTE 6 - INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances is as follows:

| Receivable Fund | Payable Fund | Amount |
|--------------------------------|--------------|------------------|
| Due from/to other funds | | |
| General Fund | Road Fund | \$ 4,180 |
| General Fund | Refuse Fund | 2,728 |
| Road Fund | General Fund | 5,903 |
| Refuse Fund | General Fund | 11,421 |
| | | <u>\$ 24,232</u> |

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The details for interfund transfers are as follows:

| Funds Transferred From | Funds Transferred To | Amount |
|------------------------|----------------------|-----------------|
| General Fund | Refuse Fund | <u>\$ 2,952</u> |

The general fund transferred \$2,952 to the refuse fund as the revenue was recorded in the general fund when it should have been recorded in the refuse fund.

Belvidere Township
Notes to Financial Statements
March 31, 2008

NOTE 7 - RISK MANAGEMENT

The government is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Belvidere Township
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Actual Over (Under) Final Budget</u> |
|----------------------|-------------------------|----------------|----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 71,400 | \$ 71,400 | \$ 70,917 | \$ (483) |
| Administration fee | 25,000 | 25,000 | 31,857 | 6,857 |
| Licenses and permits | 2,000 | 2,000 | 2,990 | 990 |
| State shared revenue | 181,000 | 181,000 | 181,562 | 562 |
| Charges for services | 12,400 | 12,400 | 16,177 | 3,777 |
| Interest income | 5,000 | 5,000 | 37,556 | 32,556 |
| Rental income | 12,000 | 12,000 | 13,731 | 1,731 |
| Other revenue | 500 | 500 | 3,557 | 3,057 |
| Total revenues | <u>309,300</u> | <u>309,300</u> | <u>358,347</u> | <u>49,047</u> |

Belvidere Township
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Actual Over (Under) Final Budget</u> |
|--------------------------|-------------------------|----------------|----------------|---|
| Expenditures | <u>Original</u> | <u>Final</u> | | |
| General government | | | | |
| Township board | \$ 53,950 | \$ 58,950 | \$ 54,001 | \$ (4,949) |
| Supervisor | 8,500 | 8,500 | 7,211 | (1,289) |
| Clerk | 16,500 | 16,500 | 16,059 | (441) |
| Board of review | 2,500 | 2,500 | 1,889 | (611) |
| Treasurer | 20,000 | 20,000 | 17,770 | (2,230) |
| Assessor | 28,000 | 28,000 | 25,912 | (2,088) |
| Elections | 5,000 | 5,000 | 2,183 | (2,817) |
| Cemetery | 29,600 | 31,700 | 29,924 | (1,776) |
| Total general government | <u>164,050</u> | <u>171,150</u> | <u>154,949</u> | <u>(16,201)</u> |
| Public safety | | | | |
| Fire department | <u>36,100</u> | <u>36,100</u> | <u>30,860</u> | <u>(5,240)</u> |
| Public works | | | | |
| Contract service | 45,000 | 37,900 | 29,071 | (8,829) |
| Street lighting | <u>5,000</u> | <u>5,000</u> | <u>4,942</u> | <u>(58)</u> |
| Total public works | <u>50,000</u> | <u>42,900</u> | <u>34,013</u> | <u>(8,887)</u> |

Belvidere Township
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2008

| | Budgeted Amounts | | | Actual Over (Under) Final Budget |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Community and economic development | | | | |
| Zoning | <u>18,000</u> | <u>23,000</u> | <u>23,800</u> | <u>800</u> |
| Recreation and culture | | | | |
| Parks and recreation | <u>27,000</u> | <u>27,000</u> | <u>20,784</u> | <u>(6,216)</u> |
| Capital outlay | <u>11,450</u> | <u>11,450</u> | <u>11,160</u> | <u>(290)</u> |
| Transfers out | <u>-</u> | <u>-</u> | <u>2,952</u> | <u>2,952</u> |
| Total expenditures | <u>306,600</u> | <u>311,600</u> | <u>278,518</u> | <u>(33,082)</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,700</u> | <u>(2,300)</u> | <u>79,829</u> | <u>82,129</u> |
| Fund balance - beginning of year | <u>812,394</u> | <u>812,394</u> | <u>812,394</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 815,094</u> | <u>\$ 810,094</u> | <u>\$ 892,223</u> | <u>\$ 82,129</u> |

Belvidere Township
Required Supplemental Information
Budgetary Comparison Schedule
Road Fund
For the Year Ended March 31, 2008

| | Budgeted Amounts | | Actual | Actual Over (Under) Final Budget |
|--------------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 80,000 | \$ 80,000 | \$ 83,492 | \$ 3,492 |
| Interest income | - | - | 2,153 | 2,153 |
| Total revenues | 80,000 | 80,000 | 85,645 | 5,645 |
| Expenditures | | | | |
| Highways, streets and bridges | | | | |
| Contracted Services | 75,000 | 75,000 | 74,764 | (236) |
| Excess of revenues over expenditures | 5,000 | 5,000 | 10,881 | 5,881 |
| Fund balance - beginning of year | 88,020 | 88,020 | 88,020 | - |
| Fund balance - end of year | <u>\$ 93,020</u> | <u>\$ 93,020</u> | <u>\$ 98,901</u> | <u>\$ 5,881</u> |

Belvidere Township
Required Supplemental Information
Budgetary Comparison Schedule
Refuse Collection Fund
For the Year Ended March 31, 2008

| | Budgeted Amounts | | Actual | Actual Over (Under) Final Budget |
|--------------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 138,000 | \$ 138,000 | \$ 142,393 | \$ 4,393 |
| Interest income | - | - | 8,276 | 8,276 |
| Transfers in | - | - | 2,952 | 2,952 |
| Total revenues | <u>138,000</u> | <u>138,000</u> | <u>153,621</u> | <u>15,621</u> |
| Expenditures | | | | |
| Refuse collection and disposal | | | | |
| Contracted Services | <u>132,000</u> | <u>132,000</u> | <u>134,010</u> | <u>2,010</u> |
| Excess of revenues over expenditures | 6,000 | 6,000 | 19,611 | 13,611 |
| Fund balance - beginning of year | <u>295,787</u> | <u>295,787</u> | <u>295,787</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 301,787</u> | <u>\$ 301,787</u> | <u>\$ 315,398</u> | <u>\$ 13,611</u> |



7810 N. Alger Road
Alma, MI 48801
(989) 463-6108 / (800) 466-6168
Fax (989) 463-8560

June 17, 2008

Township Board
Belvidere Township
P.O. Box 144
Six Lakes, MI 48886

We have completed our audit of the financial statements of Belvidere Township as of and for the year ended March 31, 2008 and have issued our report dated June 17, 2008. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

I Auditors' Communication of Significant Matters with Those Charged with Governance

II Management Comments

We discussed these matters with various personnel in the organization during the audit. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Township Board, others within the organization, and are not intended to be and should not be used by anyone other than those specified parties.

Yeo & Yeo, P.C.

Yeo & Yeo, P.C.
Alma, Michigan

Appendix 1
Communication to Those Charged with Governance

Responsibilities under generally accepted auditing standards

As stated in our engagement letter dated April 3, 2008, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Our responsibility, as prescribed by US GAAS, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects. Our audit does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit as outlined in our discussion with you related to planning matters identified in our engagement letter dated April 3, 2008.

Significant Audit Findings

- Management is responsible for the selection and use of appropriate accounting policies. We will advise management about their appropriateness and application. The significant accounting policies are described in Note 1 of the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2008. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. There are no significant transactions that were recognized in a period other than which they occurred.
- Accounting estimates are based on management's knowledge and experience about past and current events and assumptions. Some estimates are sensitive because of their significance to the financial statements and the fact that future events affecting them may differ from those expected.
- Disclosures in the financial statements are neutral, consistent and. Certain disclosures are more sensitive than others due to their relevance to the users of the financial statements.

Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

Disagreements with Management

A disagreement with management is defined as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant, individually or in the aggregate to the financial statements or the auditors' report. We had no disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

From time to time, management may decide to consult with other accountants about audit and accounting matters. Should this occur, professional standards require the consulting accountant to communicate with us to determine that they have all the relevant facts. To our knowledge, there were no consultations with other accountants during the year.

Significant Issues Discussed or Subject to Correspondence with Management

From time to time auditors discuss significant issues with management such as business conditions affecting the entity, business plans and strategies that may affect the risk of material misstatement and the application of accounting principles and auditing standards. The issues discussed during the audit occurred during the normal course of our professional relationship and our responses were not a condition to our retention.

Appendix 2 Management Comments

In planning and performing our audit of the financial statements of Belvidere Township as of and for the year ended March 31, 2008, we considered Belvidere Township internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and improving operating efficiency. This letter does not affect our report dated June 17, 2008 on the financial statements of Belvidere Township. Our comment and recommendation regarding that matter are:

ACCOUNTING POLICY AND PROCEDURES MANUAL

Belvidere Township's employees maintain segregation of duties as much as possible with limited staff, however, no written established policies or procedures were available.

We suggest the Township document policies and procedures relating to accounting record keeping and financial decision making. The Michigan Department of Treasury's Local Government Audit and Finance Division has a manual titled *Uniform Accounting Procedures Manual* available to assist local units of government in preparation of such written procedures.

In addition, the Michigan Townships Association has information available to assist Officials in preparing and adopting policies and procedures for the Township.